

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:)
)
F. THOMAS GREER,)
BHG UNLIMITED,)
A business located at) Case No. 91-01-02
1303 Delaware Avenue,)
Wilmington, Delaware,)
)
Respondents.)

CEASE AND DESIST ORDER

Legal Authority

WHEREAS, the Delaware Division of Securities ("Division") is a unit within the Department of Justice directed by the Securities Commissioner ("Commissioner") under the auspices of the Attorney General pursuant to the Delaware Securities Act ("Act"), Chapter 73, Title 6 of the Delaware Code;

WHEREAS, the Commissioner is charged under Del. C. sec. 7325 with enforcement of the provisions of the Act and is authorized under subsection (c) to summarily issue a cease and desist order against any person who has violated this Act by failing to register or engaging in fraud or other prohibited conduct:

WHEREAS, section 7313 of the Act states that it is unlawful for any person to transact business in this State as a broker-dealer, investment adviser, or agent unless he is registered under the Act;

WHEREAS, section 7304 of the Act provides that it is unlawful for any person to offer or sell any security in this

State unless it is registered under the Act or the security or transaction is exempted under 6 Del. C. sec. 7309;

WHEREAS, section 7303 of the Act provides that it is unlawful for any person in connection with the offer, sale, or purchase of any security, directly or indirectly, to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

WHEREAS, the Division staff has conducted an investigation of respondents' activities in the State of Delaware, and as a result of that investigation the Division staff alleges as follows:

Notice of Allegations

1. On or about January 16, 1991,
, a Delaware resident who at all relevant times was within the State of Delaware, lodged a complaint with the Division. Commencing in late 1985 and continuing into 1990, had turned over large sums of money in the form of personal checks (totalling approximately \$76,000) to respondent F. Thomas Greer ("Greer") for investment. Greer executed a series of promissory notes -- which are securities as defined in 6 Del. C. sec. 7302(a)(13) -- to repay , each note having a fixed maturity (usually three years, although many of the notes

were rolled over for a longer term), and a fixed rate of interest (twelve to fifteen percent). Some notes carried the privilege to convert the note into preferred stock in the "business," presumably BHG Unlimited (the term is not defined in the notes).

2. Some of _____ and sisters, namely _____, and _____, who are all residents of the State of Delaware, also turned over money to Greer for investment in securities, totalling around \$50,000, in transactions similar to those described in paragraph 1 above.

3. The Division has reason to believe that other, as yet unknown, residents of the State of Delaware might also have turned over money to Greer for investment in securities.

_____ recalls hearing Greer say that two years ago he had about one million dollars in his investment "kitty."

4. The most recent quarterly interest payments to _____ and _____ were not paid on time, and _____ has received only \$2,000 of the principal on a \$10,000 note which matured in December 1990. In the past experience of the Division, investment transactions involving unregistered agents who give out notes structured like those Greer gave to

-- paying only interest for several years, with a balloon payment of all of the principal at the end of the term of the note -- have frequently been fraudulent.

5. The Division has in its possession copies of promissory notes signed by Greer, which have not been registered

as required by law under the Act, nor have they been specifically exempted from registration as may be required. Furthermore, neither BHG Unlimited nor Greer is, or has been registered, as required by 6 Del. C. ch. 73, to sell securities in the State of Delaware as a broker-dealer, investment adviser, or agent under the Act.

6. The transactions described above constitute a "sale" of a "security" as those terms are defined in 6 Del. C. section 7302 of the Act.

7. The sale of the securities described above took place in the State of Delaware.

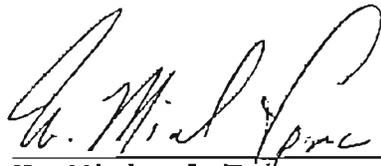
9. No application for registration or claim of an exemption was filed in connection with the sale of those securities.

10. The securities described above were not exempt from the registration requirements under 6 Del. C. section 7309 of the Act, nor were the transactions exempt under subsection 7309(b) of the Act.

11. Respondents were not licensed as broker-dealers, investment advisers, or agents to sell securities in Delaware pursuant to the provisions of Chapter 73 of the Delaware Code at the time of the sale of the securities.

12. Based on the foregoing, the Division staff alleges that respondents have willfully violated 6 Del. C. sections 7303, 7304, and 7313 of the Act.

13. Continued illegal and fraudulent sales of securities by respondents would threaten great harm to Delaware investors, and it is in the public interest that respondents, their employees, agents, and any and all other person or persons acting under their control or at their direction, be summarily ordered by the Commissioner to cease and desist from further violations of the Act.



W. Michael Tupman
Deputy Attorney General

Dated: March 4, 1991